

ECONOMIC AND POLITICAL SITUATION INSIDE CUBA

Economic: A Picture of Dislocation and Decline.

Three and one-half years of revolutionary upheaval, gross mismanagement, and the economic maladjustment resulting from the re-orientation of its trade from the West to the Sino-Soviet bloc have resulted in a general economic decline.

Since the end of 1960 living standards in Cuba have been declining steadily. Although the total volume of workers' salaries has increased substantially and rents have been reduced, the volume of goods available for purchase by the population has been shrinking.

Food shortages are acute. The rationing of food staples and certain household items was begun in March 1962 and the regime has proved deficient in meeting food minimums. Per capita food consumption is estimated to have declined by more than 15 percent. Cuba has dropped from third to seventh place among the twenty Latin American Republics in per capita food consumption and the present Cuban intake has fallen below the minimum requirement standard for Latin America.

Cuban agriculture is in trouble. Cuban leaders have repeatedly admitted to failures in production. The result has been a series of policy and organizational changes. Complete socialization of agriculture remains the stated goal of the regime and controls over the collectivized agricultural sector have been tightened.

The Cuban economy was and still is keyed to sugar. Sugar accounts for 80 percent of export earnings and 25 percent of the gross national product. The 1962 Cuban sugar crop yielded only 4.8 million metric tons and 17 percent under the average of the crops during the past five years and 30 per cent below the 1961 bumper crop of 6.8 million tons.

Cuba's industrial establishment has undergone a gradual but general deterioration. Rates of decline vary considerably from one industry to another. Production of consumer goods has fallen both in volume and quality. The flight of qualified Cuban technicians and the irregularity in the supply of raw materials from the Bloc have contributed to the industrial deterioration.

Although material assistance from the Bloc may shield the Castro regime from the worst consequences of its own economic mismanagement, such aid is not likely to offset completely the downward trend in Cuba's economy.

Political: Struggle for Support and Power

Domestic support for the Cuban regime is declining, disaffection is increasing, in large measure because of the inability of the regime to provide the goods and services, including public health and medical services, to which most of the Cuban people have been accustomed. Domestic propaganda has lost a good deal of its hold over the Cuban people and they are growing bored with the repetitive communist indoctrination.

A struggle for power exists between the "new communists" represented by the Castro forces and the "old-line" communists placed by Moscow. An uneasy peace rests upon the need of each group for the other. We cannot expect, however, that the "old-liners" will accept eclipse. The arrival of many Soviet technicians in Cuba, and their attempt to run internal Cuban affairs, inevitably will create strain between Cuba and the Soviet Union.